GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Energy Dept - Issue of direction under Section 11 of Electricity Act, 2003, to State embedded Generating companies/Generators to supply energy to the State, subject to determination of final tariff by Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) - Orders - Issued.

ENERGY (POWER-I) DEPARTMENT

G.O.Ms.No.30 Dated:03/04/2024

Read:

From the MC, APPCC, Lr.No.MC/ APPCC /CGM/ PP/GM/PP/Trading/ F.SEIL/ D.No.492/24, dt:02.04.2024.

&&&

O R D E R:-

1. Whereas the State electricity demand is presently being met from APGENCO Thermal & Hydel Plants, CGS, HNPCL, Sembcorp RE, Swapping from other States and different segments of Power Exchanges. Due to increase in demand, the State is experiencing a major power crisis on account of failed monsoon, increased demand from agricultural consumers and other reasons.

2. Whereas the demand and energy requirement in the State is increasing day by day and at present the State DISCOMs are facing severe shortage of power to an extent of 200 to 2000 MW. The State is likely to reach a peak load of 14000 MW and around 260 to 270MU/day during the coming months i.e., from April 2024 to June 2024.

3. Whereas even though the installed capacity in the State is around 20610 MW, meeting the increased demand during the coming months would be a challenging task because, more than 50% of the installed capacity is from variable renewal energy source which is infirm/uncertain in terms of meeting the RTC demand.

4 . Whereas the failure of monsoon has resulted in drought situation, resulting in less availability of water in the hydro reservoirs, increased demand of loads, non-availability of required quantum of power in the market even after making all out efforts by APDISCOMs to buy power in the market including from the Energy exchange at the maximum cap rate.

5. Whereas the State has recorded peak demand of 13084 MW and energy consumption of 6640 MU in the month of February 2024 due to deficit monsoon. Dependence on power market to meet the increased State demand alone may lead to uncertainty in availability and forced to go for load relief. The monthly State demand has increased as compared to previous year to an extent of 5%.

6. Whereas due to increase in demand, State is expecting a daily energy shortfall to an extent of 5 MU.

7. Whereas in the prevailing increased State demand situation, one of the options left before the Government is to curtail the load to an extent of 1500 to 2000 MW to maintain grid stability as mandated by CERC & APERC Regulations and orders. However, the State has committed to provide uninterrupted 24 x 7 supply of quality power to all categories of consumers. Earlier state has entered agreement to get supply of 720 MW for April 2024 and 770 MW in May 2024, but it is found that said power is not sufficient to meet the forecasted demand.

8. Whereas Thermal units having PPA with APDISCOMs are very crucial to meet the state peak demand by running them to their full capacity, however due to short supply of coal, poor quality of coal is leading to non-availability of thermal units/under generation.

9. Whereas from the facts indicated in the pre-paras, it is evident that, though all efforts are being made to source the power from the various available resources, the day-to-day demand is not being met on account of wide gap in demand and availability, owing to failed monsoon, unforeseen/foreseen outages and under generation of Conventional generators and uncertainty from RE sources, effecting public interest.

10. Whereas it has been noted that M/s. Sembcorp Energy India Limited within the State is exporting power outside the State through power exchanges and short-term open access, though state utilities have been taking steps actively towards concluding contract with said Generator which is prejudicial to interest of State.

11. The Chief Secretary to the State of Andhra Pradesh has reviewed the Power situation in the State on 18.03.2024 and directed to impose section 11 of Electricity Act, 2003 with effect from 01.04.2024 on M/s.Sembcorp Energy India Limited Plant-I & II which are located in Andhra Pradesh to inject power into the State Grid.

12. Section 11 of Electricity Act, 2003 provides that :

> "Appropriate Government may specify that a generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of that Government"

13. Whereas, the above circumstances resulted in effecting the public interest and to mitigate the severe power shortage in the State, Government of Andhra Pradesh hereby directs that all the Generators operating in the State of Andhra Pradesh shall run their plants to full exportable capacity and inject all the energy generated to the State Grid from utilization within the State to bridge the demand supply gap. Hence this following order.

14. Dehors to the above facts, the SEIL vide its letter dated 03.05.2023 has offered to supply 570 MW of power with effect from 01.04.2024 onwards. Even through STU on mutually agreed terms and conditions.

15. In response to the said offer, APPCC/APDISCOMs sought few clarifications. Then M/s. SEIL vide letter dated 17.08.2023 clarified that in the event of their power to supply through STU some additional system installations at plant and STU end is required and that expenditure is to be borne by utility/APDISCOMs.

16. Having accepted the said offer made by SEIL the DISCOMs sought approval of APERC to procure such Power and in turn APERC is also approved the acceptance of the APDISCOMs with a condition that Tariff is to be determined by APERC under Section-62 of Electricity Act 2003. In furtherness of thereof the APPCC/APDISCOMs vide their letter dated 28.11.2023 has communicated their acceptance together with approval of APERC and requested M/s. SEIL to adhere to its offer under letter dated 03.05.2023.

As per RSTO for FY 2024-25					
Month	**Energy availability (MU)**		**Total Availability (MU)**	**Demand (MU)**	**Power shortfall (MU)**
	APGENCO	**SEIL**			
Apr-24	2110.36	342.00	6366.12	6944.00	577.88
May-24	2180.70	353.40	6761.32	6958.00	196.68

17. In fact APDISCOMs have floated tenders in the month of August 2023 for Procurement of Power for the months of April and May of 2024 i.e., in advance of almost 8 months and APDISCOMs have tied up the sufficient quantum of 720 MW for April 2024 and 770 MW for May 2024 as SembCorp promised to supply 625 MW w.e.f. 01.04.2024 onwards under Long term basis.

18. For the reasons better known to them, they have participated in different tenders and deprived the APDISCOMs much needed power.

19. It is to inform that, after knowingly the issue of failure of 625MW (new PPA) RTC power from M/s SembCorp, immediately on war-foot basis APDISCOMs have floated tenders on DEEP E-bidding portal for Procurement of 500 MW RTC power for the period from 15.03.2024 to 31.12.2024. The tenders were opened on 07.03.2024. But, no one has bidded for the months of April & May 2024 as there is no power available across the Nation.

20. Even after 3 months of the said letter by APPCC, M/s.SEIL did not repute the same. Thus by operation of doctrine of acceptance of sub- silence it is deemed to have accepted the same. However, it is learnt that M/s.SEIL tried to avoid the aforesaid agreed arrangement. The Power shortfall being realized without consideration of availability of power from M/s.Sembcorp is tabulated below:

Without consideration of Sembcorp				
Month	Energy availability (MU)	Total Availability (MU)	Demand (MU)	Power shortfall (MU)
	APGENCO			
Apr-24	2110.36	6024.12	6692.00	667.88
May-24	2180.70	6407.92	6697.60	289.68

21. Therefore, in addition to the legal proceedings being taken to enforce the said promise of SembCorp Energy India Ltd., to meet the demand of power and in public interest, Govt. of A.P. has decided to issue directions to M/s. SEIL (Plant I & II) under Section-11 of Electricity Act 2003 as follows.

Government after careful consideration of the facts and circumstances stated in above and considering the emerged situation affecting public interest and in exercise of the power conferred under Section, 11 of Electricity Act, 2003, the Government in the public interest hereby issues the following Directions, with immediate effect and until further orders.

1. M/s. SembCorp Energy India Ltd (Plant 1 & 2) shall operate and maintain their generating stations to maximum exportable capacity and supply the electricity of 375 MW generated to State Grid subject to following conditions:

   a. APDISCOMs shall pay to Rs.6.16 per unit provisionally subject to orders thereon that may be passed by APERC.
   b. The balance capacity of Sembcorp plant, over and above the contracted capacity with APDISCOMs under the PPA shall be supplied to State.
   c. Joint meter readings shall be the basis for raising the monthly invoices.
   d. Rebate of 2% shall be allowed on the bill amount if payment is made within 5 days from the date of presentation of bill or other wise 1% shall be allowed if the payments are made within 30 days.
   e. Due date for making payment shall be 30 days from the date of presentation of the bill.
   f. Late Payment Surcharge shall be payable at one-year marginal cost of ending rate (MCLR) of the State Bank of India issued as on 1st April plus 350 basis points, per month, if the payments are made beyond due date.
   g. The Jurisdictional Distribution Licensee shall deduct the energy at 115% for the energy, if imported by the Generators covered by this Section 11 order.
   h. Energy injected by Generation under Section 11 shall be allocated amongst APDISCOMs as per the quantum approved by APERC in the Tariff order dated 12.05.2023 for the FY 24, is as follows.

APSPDCL	40.44%
APCPDCL	23.34%
APEPDCL	36.22%
Total	**100%**

   i. The Generators shall raise the bills to APPCC.

2. The above directions shall not be applicable for the Intra-State Generators who are having valid PPA's with the Distribution Licensees in the State of Andhra Pradesh.
3. All State Electricity Supply Companies APDISCOMs shall file a petition within 15 days from date of this order before the Andhra Pradesh Electricity Regulatory Commission APERC for approval of Tariff specified in this order.
4. M/s SEIL generator shall in compliance of this order supply 375 M.W to APDISCOMs in addition to the supply of 855 MW being made under long term P.P.A.
5. M/s. SEIL with capacity of 375 MW of supply who are connected to comply this order.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.VIJAYANAND
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To:
M/s. Sembcorp Energy India Limited (SEIL),
Plant – 1 Office: Pyanampuram/Nelaturu Village, Muthukur Mandal, Nellore, Andhra Pradesh – 524 344.
Plant – 2 Office: Ananthavaram Village, Varakavipudi Panchayat, TP Gudur Mandal, Nellore, Andhra Pradesh– 524 344.

Copy to:
The CMD,APTRANSCO,Vijayawada.
The MD, APGENCO,Vijayawada.
The Member Convenor, APPCC, Vijayawada.
The CMD, APSPDCL, Tirupati.
The CMD, APCPDCL, Vijayawada.
The CMD, APEPDCL, Visakhapatnam.
The Secretary, APERC, Hyderabad.
SF/SCs.

//FORWARDED :: BY ORDER//

Ch. Sudhakar Rao

SECTION OFFICER